INTERNAL AUDIT
AUDIT FINDINGS FOLLOW-UP
ANNUAL REPORT

October 15, 2002

Roanoke City Council Audit Committee
Roanoke, Virginia

We have completed our findings follow-up audit for fiscal year 2003. This audit was
conducted in accordance with generally accepted government auditing standards.

BACKGROUND

Generally accepted government auditing standards require auditors to follow-up on all
significant findings and recommendations to determine whether the areas audited have
taken timely and appropriate corrective actions. Continued attention to significant
findings and recommendations is necessary to ensure that the organization realizes the
full benefits of the audit process.

In order to effectively monitor progress on findings and recommendations, our
department maintains a database of audit findings included in our public reports. Each
July, we print a report of all outstanding findings due to be implemented by June 30th of
the current year. We notify by memo those departments with outstanding findings and
ask that they respond back to us about their progress towards resolving their findings.
Once the departments respond, we schedule site visits so that we can observe any
changes they've implemented and test the effectiveness of those changes. Those
findings that have been satisfactorily addressed are marked as such in our database
and require no future review. Those findings that are not fully implemented are not
marked in the database and will continue to appear on future follow up reports.

PURPOSE

To determine the status of all outstanding audit findings and recommendations due to
be addressed by June 30, 2002.

SCOPE

We followed up on all outstanding findings in the city due to be addressed by June 30,
2002.

METHODOLOGY

As described in the background above, we use a database to track the status of all
reported audit findings. We perform limited observation and test work to determine the
effectiveness of actions taken by management in response to audit findings. We review

any on-going concerns with management, revise implementation plans and dates as needed, and prepare a written report.

RESULTS

The city had 54 outstanding audit findings involving 17 departments that were due to be addressed by June 30, 2002. We found that 48 of the 54 findings (89%) were satisfactorily addressed this past fiscal year. Some highlights are as follows:

- The Roanoke Interagency Council (RIC) established the required standing committees for long range planning, utilization management, by-laws, and membership. The minutes of the RIC indicate that the long range planning committee is meeting regularly and bringing substantial recommendations to the RIC.

- The Department of Technology (DoT) revised the Personal Computer Standards administrative procedure, specifying those operating systems and software that can be effectively supported under their business plan. DoT will be offering Microsoft Access training in January 2003 to help users expand and enhance their use of this database software.

- The Department of Technology's Information Center has fully implemented password restrictions for the City's Novell network. User accounts are now locked down after three failed attempts. DoT has also implemented new procedures to ensure user accounts are disabled in a timely manner when employees resign or are terminated.

- The Department of Economic Development has developed written procedures for administering its enterprise zone programs. It is also utilizing a new software package that addresses the need for an accessible and reliable database for managing contacts, performance agreements, and project activity.

- Custodial Services formally bid cleaning services and signed contracts that resulted in a net savings over the costs of their previous provider. The department has developed new customer service levels and work standards. Custodial Services has developed new procedures and policies that have enhanced compliance with OSHA regulations and markedly improved the department's management over its supplies, equipment, and personnel.

- The Fire/EMS department has increased the fire safety re-inspection fee to $33, which more closely matches the cost of providing the inspection. They have implemented a system to ensure schools and adult care residences are inspected as required. Fire / EMS is continuing to work towards computerizing its inspection records.   The department has also addressed concerns related to monitoring fuel deliveries at the fire stations.

- The Fleet Management department has developed a procedures manual for the parts room that includes an ethics policy. Controls over parts have been

significantly strengthened and the department has eliminated obsolete and surplus inventory. Year-end inventory test counts agreed to Fleet's inventory records.

- The Human Resources department, which encompasses the Occupational Health and Risk Management functions, has performed all required drug and alcohol tests for those employees who were promoted or who were involved in qualified accidents while at work over the period tested (January 1, 2002, through June 30, 2002). Occupational Health is now completing routine physicals and random nicotine testing for all public safety employees as required by law.

- Solid Waste Management is now monitoring citizen deposits at Tinker Creek station on a daily basis. Current reports indicate that no citizens have exceeded the 12 free deposits allowed by city code.

The following departments have made significant progress towards implementing their plans, but have some portion of their plans remaining to be implemented. The status of implementation in these departments is summarized below:

Civic Center – Concessions:

Original Finding (03/05/2001):
The Civic Center does not have an inventory system in place that monitors shrinkage and inventory on hand.

Follow-Up 2002:
The Civic Center had intended to have their concessions inventory fully loaded and active on their Event Business Management System (EBMS) by July 2001. Earlier phases of the EBMS implementation were delayed, pushing back the implementation of the inventory component. The Civic Center has started loading inventory data into the system and has scheduled EBMS training for one employee that includes the inventory management function. The Civic Center has established November 30, 2002, as the new target date for full implementation of the inventory system.

Fire/EMS – Fuel:

Original Finding (12/03/2001):
Fuel usage is not satisfactorily monitored at the fire stations and at the administrative level.

Follow-Up (2002):
The Fire-EMS department has implemented a new log for reconciling fuel dispensed per the pump versus fuel logged by the employees. This procedure is intended to help ensure that the fuel reported to the Fleet Management department for entry into the MCMS system is accurate.

The Fleet Management department has been unable to provide Miles Per Gallon (MPG) reports to the Fire-EMS department while its MCMS and Gasboy systems have been undergoing modifications and vehicle data has been converted from shop numbers to MCMS numbers. The Fire-EMS department plans to establish normal ranges for MPG according to vehicle type once they have sufficient MPG history.

Fleet Management – Garage Operations:

Original Finding (12/03/2001):
In some cases, dates and times entered into MCMS do not reflect actual times events have occurred.

Follow-Up (2002):
Fleet Management developed procedures to help ensure "open", "start", "finish" and "close" times for repair orders are consistently entered on the system. The procedures include provisions that address system downtime, outsourced work, and other exceptions. We performed limited test work to verify the effectiveness of these procedures and found that data consistency was improved but still well short of the consistency needed.

Original Finding (12/03/2001):
Labor and parts costs associated with some repairs were not reasonable when compared to standard times and costs.

Follow-Up (2002):
Fleet Management purchased software that provides labor estimates for repairs. The department began including labor estimates with many repair orders on March 20th. The software did not have estimates for some medium and heavy equipment in the City's fleet. Fleet Management anticipated having additional estimates from the software provider by September 6th and hoped to develop service standards for all medium and heavy equipment by September 15th.

The Acting Fleet Operations Administrator has been working with an MCMS consultant to develop reports that will satisfy management reporting needs. They have developed a Job Standards-to-Actual Comparison Report (EIC5760) and Preventive Maintenance Report (EIC5310).

Fuel Management – ULS:

Original Finding (06/05/2000):
Utility Line Services (ULS) did not perform fuel tank leak tests required by the Department of Environmental Quality (DEQ) in 7 of 16 tests reviewed.

Follow-Up (2002):
We reviewed the fuel leak tests for both fuel storage tanks at ULS for the period of January 2002 through August 2002. We determined that 4 of the 16 required leak tests were not completed. In each case, the system aborted the test and no one intervened to rerun the test. Building Maintenance has requested that the vendor re-program the

EECO system to continually run a weekly fuel leakage report until the system obtains a valid leak test for the month.

Parking:

Original Finding (03/04/2002):
The contract between the City and Allright Parking stipulated that parking at the Viaduct lot would be free on weekends. The wording on Allright's signage at the Viaduct lot implied that normal parking fees applied on weekends.

Follow-Up (2002):
The sign at the Viaduct lot still does not indicate that parking is free on weekends. City management has instructed the new management company to change the signage at the Viaduct lot to be consistent with the parking contract.

Conclusion:

We determined that 48 of 54 outstanding audit findings have been satisfactorily addressed in fiscal 2002. We commend management and their staffs for their dedication and hard work in addressing outstanding audit findings this past year.

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